

TL'ETINQOX GOVERNMENT
SUMMARY FINANCIAL STATEMENTS

March 31, 2015

TL'ETINQOX GOVERNMENT

INDEX

For the year ended March 31, 2015

SUMMARY FINANCIAL STATEMENTS

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TL'ETINQOX GOVERNMENT

P.O. Box 168, Alexis Creek, B.C. V0L 1A0
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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Tl'etinqox Government (the "Government") are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Tl'etinqox Government maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and the Government's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring the integrity of the Government's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the law and that management fulfils its responsibilities for financial reporting. Chief and Council are ultimately responsible for reviewing and approving the financial statements.

Chief and Council review Tl'etinqox Government's financial statements and recommends their approval. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. Chief and Council also consider the engagement of the external auditors.



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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING, continued

The financial statements have been audited by RHB Schmitz de Grace, Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. RHB Schmitz de Grace, Chartered Accountants have full and free access to Chief and Council.

Williams Lake, BC
June 30, 2015

Chief

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor

RHB SCHMITZ de GRACE
Chartered Accountants

RHB SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross, CPA, CA
- Norm Hildebrandt, CPA, CA
- Allison Beswick, CPA, CA

- Denotes professional corporation

10 - 556 North Nechako Rd.
Prince George, BC, V2K 1A1
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INDEPENDENT AUDITORS' REPORT

To the Members of TI'etinnox Government

We have audited the accompanying summary financial statements of TI'etinnox Government, which comprise the summary statement of financial position as at March 31, 2015, and the summary statements of financial activities, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these summary financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these summary financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the summary financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the summary financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the summary financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RHB SCHMITZ de GRACE

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT, continued

Opinion

In our opinion, the summary financial statements present fairly, in all material respects, the financial position of Tl'etinqox Government as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Prince George, BC
June 30, 2015

Chartered Accountants

TL'ETINQOX GOVERNMENT
SUMMARY STATEMENT OF FINANCIAL POSITION

March 31, 2015

	2015	2014 (restated)
FINANCIAL ASSETS		
Cash	\$ 1,330,512	\$ -
Accounts receivable (Note 2)	188,709	1,147,638
Due from related party (Note 8)	47,377	-
Inventories	40,165	57,283
Investments and advances (Notes 1 and 5)	285,561	663,372
Trust assets (Note 18)	109,589	103,347
	2,001,913	1,971,640
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,628,998	1,418,079
Long-term debt (Note 9)	754,165	863,679
Bank indebtedness (Note 7)	-	272,615
Due to related party (Note 8)	-	72,676
	2,383,163	2,627,049
NET DEBT	(381,250)	(655,409)
NON-FINANCIAL ASSETS		
Prepaid expenses	45,638	-
Tangible capital assets (Notes 1, 4 and 9)	13,350,586	9,630,808
	13,396,224	9,630,808
ACCUMULATED SURPLUS	\$ 13,014,974	\$ 8,975,399
REPRESENTED BY:		
Operations Fund	\$ 12,584,109	\$ 8,580,645
CMHC Social Housing Fund (Note 10)	430,865	394,754
	\$ 13,014,974	\$ 8,975,399

CONTINGENT LIABILITIES (Note 12)

Approved on behalf of the First Nation:

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT
SUMMARY STATEMENT OF FINANCIAL ACTIVITIES
For the year ended March 31, 2015

	<u>2015</u> Budget (unaudited) (Note 22)	<u>2015</u>	<u>2014</u> (restated)
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 8,824,289	\$ 8,824,289	\$ 4,720,203
Gas Bar	1,756,052	1,756,052	1,863,530
Health Canada	1,150,557	1,150,557	1,036,928
Province of British Columbia - Forest and Range Opportunities	572,594	572,594	680,173
Other income	368,981	368,981	238,304
Rent	165,755	165,755	208,041
Administrative fees	158,947	158,843	575,401
Province of British Columbia	121,270	121,270	83,242
First Nations Education Steering Committee (FNESC)	109,221	109,221	190,139
Forgiveness of advances from related parties	80,148	80,148	-
Cariboo Chilcotin Aboriginal Training Employment Centre (CCATEC)	31,034	31,034	16,328
First Nations Health Authority (FNHA)	30,000	30,000	-
Canadian Mortgage and Housing Corporation	4,331	4,331	4,512
BC Hydro	4,000	4,000	8,105
First People's Heritage, Language and Culture Council	2,594	2,594	20,000
	<u>13,379,773</u>	<u>13,379,669</u>	<u>9,644,906</u>
EXPENSES			
Operating expenses (Schedule)	8,190,973	8,190,973	9,532,786
Amortization of tangible capital assets	499,034	499,034	519,871
	<u>8,690,007</u>	<u>8,690,007</u>	<u>10,052,657</u>
EXCESS EXPENSES BEFORE OTHER ITEMS	<u>4,689,766</u>	<u>4,689,662</u>	<u>(407,751)</u>
OTHER ITEMS			
Trust income (Note 18)	6,242	6,242	7,625
Equity income from Klatassine Resources Ltd.	66,083	66,083	111,382
Equity income from Dechen Enterprises	108,096	108,096	-
Provision for advances made to Riverwest Forest Products Ltd. (Note 5)	(551,989)	(551,989)	-
Federal government funding adjustments (Note 19)	(278,519)	(278,519)	-
	<u>(650,087)</u>	<u>(650,087)</u>	<u>119,007</u>
ANNUAL SURPLUS (DEFICIT)	4,039,575	4,039,575	(288,744)
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR			
As previously reported	8,975,399	8,975,399	9,264,143
Prior period adjustment (Note 24)	111,382	111,382	-
As restated	<u>9,086,781</u>	<u>9,086,781</u>	<u>9,264,143</u>
ACCUMULATED SURPLUS AT END OF THE YEAR	<u>\$ 13,014,974</u>	<u>\$ 13,014,974</u>	<u>\$ 8,975,399</u>

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT
SUMMARY STATEMENT OF CHANGES IN NET DEBT

For the year ended March 31, 2015

	<u>2015</u> Budget (unaudited) (Note 22)	<u>2015</u>	<u>2014</u> (restated)
ANNUAL SURPLUS (DEFICIT)	\$ 4,039,575	\$ 4,039,575	\$ (288,744)
TANGIBLE CAPITAL ASSETS			
Acquisition	(4,223,018)	(4,223,018)	-
Amortization	499,034	499,034	519,871
Proceeds from disposal	2,019	2,019	-
Loss on disposal	2,187	2,187	-
	<u>(3,719,778)</u>	<u>(3,719,778)</u>	<u>519,871</u>
NON-FINANCIAL ASSETS			
Use (acquisition) of prepaid expenses	(45,638)	(45,638)	67,798
DECREASE IN NET DEBT	274,159	274,159	298,925
NET DEBT AT BEGINNING OF THE YEAR			
As previously reported	(766,791)	(766,791)	(954,334)
Prior period adjustment (Note 24)	111,382	111,382	-
As restated	<u>(655,409)</u>	<u>(655,409)</u>	<u>(954,334)</u>
NET DEBT AT END OF THE YEAR	<u>\$ (381,250)</u>	<u>\$ (381,250)</u>	<u>\$ (655,409)</u>

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT
SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

	2015	2014
		(restated)
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 4,039,575	\$ (288,744)
Items not involving cash:		
Trust income	(6,242)	(7,625)
Provision for advances made to Riverwest Forest Products Ltd.	551,989	-
Equity income from Klatassine Resources Ltd.	(66,083)	(111,382)
Equity income from Dechen Enterprises	(108,096)	-
Loss on disposal of tangible capital assets	2,187	-
Amortization of tangible capital assets	499,034	519,871
	4,912,364	112,120
Changes in non-cash working capital items:		
Accounts receivable	958,929	(389,887)
Inventory	17,118	8,625
Prepaid expenses	(45,638)	67,799
Accounts payable and accrued liabilities	210,920	550,611
Due from (to) related party	(120,053)	33,000
	5,933,640	382,268
CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	2,019	-
Acquisition of tangible capital assets	(4,223,018)	-
	(4,220,999)	-
FINANCING ACTIVITIES		
Repayment of long-term debt, net	(109,514)	(93,616)
INCREASE IN CASH DURING THE YEAR	1,603,127	288,652
CASH (DEFICIENCY) AT BEGINNING OF THE YEAR	(272,615)	(561,267)
CASH (DEFICIENCY) AT END OF THE YEAR	\$ 1,330,512	\$ (272,615)

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

Reporting Entity and Principles of Financial Reporting

Tl'etinqox Government (the "Government") reporting entity includes Tl'etinqox Government and all related entities which are accountable to the Government and are either owned or controlled by the Government.

These financial statements summarize the assets, liabilities, revenue, expenses and excess expenses for the following funds:

- Operations Fund
- CMHC Social Housing Fund

Interfund revenues, expense, assets and liabilities have been eliminated.

Investments in Government Business Entities

Incorporated business entities which Tl'etinqox Government does not significantly influence are accounted for in the summary financial statements using the cost method. This category is comprised of the investment in River West Forest Products Ltd.

Incorporated business entities, which are owned and significantly influenced by Tl'etinqox Government and which are not dependent on the Government for their continuing operations, are accounted for in the summary financial statements using the modified equity method. This category is comprised of the investment in Klatassine Resources Ltd.

Government partnerships, in which Tl'etinqox Government has an ownership interest, are accounted for in the summary financial statements using the modified equity method. This category is comprised of the investment in Dechen Enterprises.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is measured using the average weighted cost method.

Revenue Recognition

Revenue and expenditures are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measureable until cash is received are accounted for at that time.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Home Improvement Loans

Home improvement loans on the New On Reserve Housing Approach Fund are expensed as repairs or improvement costs as incurred. The receipt of loan payments are recorded as revenue in the New On Reserve Housing Approach Fund as received.

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual rates are as follows:

Buildings and infrastructure	4% - 5%
Furniture and equipment	20% - 30%
Automotive	30%
Computers	100%

Amortization – CMHC Social Housing

CMHC Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

Financial Instruments

Measurement of financial instruments

The Government initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Government subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Financial assets measured at amortized cost include accounts receivable, due from related party and trust assets.

The Government has designated investments in Government Business Entities to be measured at fair value.

Financial liabilities measured at amortized cost include bank indebtedness (both restricted and unrestricted), accounts payable and accrued liabilities, due to related party and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Government's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period occurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include useful life of tangible capital assets, allowance for doubtful accounts, and allowance for advances for investments and advances.

Recoveries of Funding and Agency Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery by the Crown. The Crown may also reimburse expenditures upon determining adherence to the terms and conditions of payment for a specific purpose. Recoveries and reimbursements are accounted for in the period they are recovered or received.

TL'ETINQOX GOVERNMENT
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
March 31, 2015

2. ACCOUNTS RECEIVABLE

	2015	2014 (restated)
AANDC	\$ 112,510	\$ 862,952
Trade	47,314	282,201
Insurance claim	16,970	-
Goods and services tax (GST)	11,915	2,485
	\$ 188,709	\$ 1,147,638

3. RESTRICTED CASH AND REPLACEMENT RESERVE

Under the terms of an operating agreement with CMHC, the Replacement Reserve account had to be funded and maintained in accordance with the agreement. As the CMHC mortgage (see Note 8) was repaid in full during the year, the Replacement Reserve is now unrestricted and can be spent at the discretion of the Government's management.

4. TANGIBLE CAPITAL ASSETS

	2015				Net Book Value
	Cost	Additions	Disposals	Accumulated Amortization	
Automotive equipment	\$ 1,385,686	76,705	66,953	\$ 1,249,186	\$ 146,252
Buildings and infrastructure	13,610,234	4,101,951	-	5,127,183	12,585,002
Furniture and fixtures	1,111,111	34,062	-	970,022	175,151
	16,107,031	4,212,718	66,953	7,346,391	12,906,405
CMHC Social Housing	2,857,376	-	-	2,561,441	295,935
TL'etinqox Trading					
Building	238,788	-	-	127,365	111,423
Equipment	184,673	10,301	-	158,151	36,823
	423,461	10,301	-	285,516	148,246
	\$ 19,387,868	\$ 4,223,019	\$ 66,953	\$ 10,193,348	\$ 13,350,586

Tangible capital assets include construction in progress for the new school in the amount of \$4,097,152 (2014 - \$nil) for which no amortization was recorded.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

4. TANGIBLE CAPITAL ASSETS, continued

	<u>2014</u>			<u>Accumulated</u>	<u>Net Book</u>
	<u>Cost</u>	<u>Additions</u>	<u>Disposals</u>		
					<u>(restated)</u>
Automotive equipment	\$ 1,385,686	-	-	\$ 1,265,689	\$ 119,997
Buildings and infrastructure	13,610,234	-	-	4,773,673	8,836,561
Furniture and fixtures	1,111,111	-	-	905,453	205,658
	<u>16,107,031</u>	<u>-</u>	<u>-</u>	<u>6,944,815</u>	<u>9,162,216</u>
CMHC Social Housing	<u>2,857,376</u>	<u>-</u>	<u>-</u>	<u>2,543,162</u>	<u>314,214</u>
TL'etinqox Trading					
Building	238,788	-	-	122,723	116,065
Equipment	184,673	-	-	146,360	38,313
	<u>423,461</u>	<u>-</u>	<u>-</u>	<u>269,083</u>	<u>154,378</u>
	<u>\$ 19,387,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,757,060</u>	<u>\$ 9,630,808</u>

5. INVESTMENTS AND ADVANCES

	<u>2015</u>	<u>2014</u>
		<u>(restated)</u>
River West Forest Products Ltd. (34%)		
- cost	\$ 1	\$ 1
- advances	551,989	551,989
- allowance for advances	<u>(551,989)</u>	<u>-</u>
	<u>1</u>	<u>551,990</u>
Modified Equity Method		
Dechen Enterprises (50%)		
- equity	<u>108,095</u>	<u>-</u>
Klastassine Resources Ltd. (100%)		
- shares	1	1
- equity	<u>177,465</u>	<u>111,382</u>
	<u>\$ 285,561</u>	<u>\$ 663,372</u>

All advances made to the 100% owned subsidiaries have been allowed for as collectability is uncertain. Shares are held in trust on behalf of the membership by specific members under a trust agreement.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade	\$ 1,460,231	\$ 1,280,170
AANDC 2013-2014 recoveries	134,491	-
Government remittances payable	22,188	7,859
Wages payable	8,746	121,857
Goods and services tax (GST)	3,342	8,293
	\$ 1,628,998	\$ 1,418,179

7. BANK INDEBTEDNESS

The Government has an available operating line at Peace Hills Trust authorized to \$250,000 bearing interest at prime plus 2%. As at March 31, 2015, none of this operating line was being utilized.

The Government has an available operating line at Bank of Montreal authorized to \$500,000 bearing interest at prime plus 2%. As at March 31, 2015, \$344,946 of this operating line was being utilized.

8. DUE FROM (TO) RELATED PARTY

	2015	2014
Dechen Enterprises	\$ 47,377	\$ -
Klatassine Resources Ltd.	-	(72,676)
	\$ 47,377	\$ (72,676)

The above advances are unsecured, non-interest bearing with no specific terms of repayment.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

9. LONG-TERM DEBT

	2015	2014
Mortgage repayable in monthly instalments of \$4,195 including interest at 5.5% per annum, secured by a Government of Canada ministerial guarantee, due to renew August 2015	\$ 414,198	\$ 441,436
Mortgage repayable in monthly instalments of \$3,815 including interest at 5.85% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 2019	339,967	365,510
Loan	-	35,161
Mortgage	-	18,279
Ford Credit Canada	-	1,648
Ford Credit Canada	-	1,645
	\$ 754,165	\$ 863,679

Estimated principal repayments due in each of the next five years are as follows:

2016	\$	54,931
2017		58,128
2018		61,511
2019		65,090
2020		68,880

10. CMHC SOCIAL HOUSING FUND

	2015	2014
Replacement Reserve	\$ 28,804	\$ 26,444
Contributed Surplus	329,078	329,078
Surplus (Excess expenses)	72,983	39,232
	\$ 430,865	\$ 394,754

11. COMMITMENTS

The Government has entered into an operating lease agreement for office equipment requiring annual lease payments of \$19,720.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

12. CONTINGENT LIABILITIES

Recoveries of Government Funding

Under the terms of agreements with AANDC and other government agencies, certain surpluses may be recoverable and if so, repayable to the government. The amount of the liability, if any, of the Government is not determinable at this time.

Solid Waste Landfill

The Government operates a solid waste landfill. The nature of and costs involved in the closure and post-closure of this landfill is yet to be determined, therefore, a reasonable estimate of the costs is unknown at this time. No provision for these costs has been made in these financial statements as management believes all costs associated with the closure of the landfill will be funded by AANDC.

Ministerial Guarantees

The Government's long-term debt is secured by AANDC Ministerial guarantees totaling \$754,165 at March 31, 2015 (2014 - \$876,403). An individual Government member has a loan secured by an AANDC Ministerial guarantee of \$46,287 (2014 - \$51,284).

Liability for Contaminated Sites

The Government owns 34% of River West Forest Products, which is located on private land not owned by the Government. The Government nor any other entity has completed an environmental site assessment, therefore, it is not known if contamination exists that would exceed an environmental standard. Due to the uncertainty of whether any remediation to the site will be required, no liability has been recorded in these financial statements.

13. ECONOMIC DEPENDENCE

The Government received a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada (AANDC) and First Nation Health Authority (FNHA).

14. RELATED PARTY TRANSACTIONS

During the year, advances (net) were made to Klatassine Resources Ltd. for \$120,053 (2014 - \$33,000). During the year, the amounts owed from Klatassine Resources Ltd. were forgiven by the Government. In addition, advances (net) were made to Dechen Enterprises in the amount of \$47,377 (2013 - \$nil).

These transactions are in the normal course of business and have been valued at the exchange amount, which is the amount of consideration established by and agreed to by the related parties.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

15. PENSION PLAN

The Government Office has a pension plan through Manulife Financial that is funded 50% by the Government Office and 50% by the employee. The funds are held in a money market fund and were fully funded at the end of the year. Contributions expensed during the year were \$36,602 (2014 - \$33,529).

16. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada Year-end Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

AANDC revenue as per summary financial statements	\$ 8,824,289	
Recipient total as per 2013/2014 AANDC funding confirmation	8,824,289	
Variance	\$ -	

17. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current years financial statement presentation.

18. TRUST ASSETS

The following funds are held on deposit with AANDC for use by the First Nation:

	Capital	Revenue	Total	2014 Total
Balance at beginning of the year	\$ 69,813	\$ 33,534	\$ 103,347	\$ 95,722
Interest and other	-	6,242	6,242	7,625
Balance at end of the year	\$ 69,813	\$ 39,776	\$ 109,589	\$ 103,347

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

19. FEDERAL GOVERNMENT FUNDING ADJUSTMENTS

	<u>2015</u>	<u>2014</u>
AANDC:		
2011-2012 recoveries	\$ 1,957	\$ -
2012-2013 recoveries	142,071	-
2013-2014 recoveries	<u>134,491</u>	-
	<u>\$ 278,519</u>	<u>\$ -</u>

20. INTANGIBLE ASSETS

In the March 31, 2001 fiscal year, the government office acquired trapping rights for \$12,000.

21. INCOME TAX

Tl'etinqox-T'in Government Office is tax exempt as a public body performing a function of government in Canada under Section 149 (1)(c) of the Income Tax Act.

22. BUDGET

The budget information disclosed has been prepared by management and approved by the Government's Chief and Council. Budget figures have not been subjected to the same auditing procedures applied to the actual financial statement figures and are presented for information purposes only.

23. FINANCIAL INSTRUMENT RISKS

Risks and concentrations

The Government Office is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at March 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Government Office is exposed to this risk mainly in respect of its bank indebtedness, accounts payable and accrued liabilities and long-term debt.

TL'ETINQOX GOVERNMENT

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2015

23. FINANCIAL INSTRUMENT RISKS, continued

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Nation's main credit risks relate to its accounts receivable. The Government Office provides credit to its client in the normal course of operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Government Office has no significant transactions completed in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Government Office is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Government Office to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Nation to related cash flow risk.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Government Office is not exposed to significant other price risk.

24. PRIOR PERIOD ADJUSTMENT

At the March 31, 2014 audit report date, the financial information for Klatassine Resources Ltd. (100% owned subsidiary) for the year ended March 31, 2014 was unavailable. As a result, the Government has determined that revenue was understated by \$111,382 and investments were understated by \$111,382 for the year ended March 31, 2014.

As a result of the restatement, as at March 31, 2014, accumulated surplus, revenue and investments have been increased by \$111, 382, and net debt has been decreased by \$111,382.

TL'ETINQOX GOVERNMENT
SCHEDULE OF OPERATING EXPENSES

For the year ended March 31, 2015

	<u>2015</u> Budget (unaudited) (Note 22)	<u>2015</u>	<u>2014</u> (restated)
OPERATING EXPENSES			
Wages and benefits	\$ 1,926,134	\$ 1,926,134	\$ 2,857,273
Purchases (Gas Bar)	1,365,467	1,365,467	1,616,762
Contracts	929,821	929,821	1,132,329
Basic needs	661,832	661,832	703,955
Supplies	411,923	411,923	187,855
Consultants	350,276	350,276	17,004
Student allowances	327,626	327,626	404,600
Travel	306,455	306,455	212,517
Administration fees	293,007	293,007	-
Repairs and maintenance	179,453	179,453	195,207
Fees	139,226	139,226	101,849
Honorarium	121,387	121,387	8,400
Equipment rental	116,453	116,453	153,920
Insurance	103,504	103,504	103,465
Patient travel	91,310	91,310	142,449
Hydro	90,290	90,290	-
Room and board	63,194	63,194	48,917
Overhead	62,303	62,303	136,035
Fuel	61,323	61,323	40,243
Catering	58,132	58,132	15,000
Workshops	54,012	54,012	3,432
Office rental	51,603	51,603	21,600
Heating	50,416	50,416	6,131
Activities	49,775	49,775	2,479
Telephone	43,866	43,866	26,500
Interest on long-term debt	43,340	43,340	46,561
Hot lunch program	37,896	37,896	22,808
Bank charges and interest	37,167	37,167	83,920
Special needs	35,814	35,814	40,443
Incentives	30,240	30,240	25,747
Donations	29,316	29,316	2,786
Professional services	24,930	24,930	43,426
Burials	17,928	17,928	146
Freight	8,079	8,079	16,942
Balance to carry forward:	<u>\$ 8,173,498</u>	<u>\$ 8,173,498</u>	<u>\$ 8,420,701</u>

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT
SCHEDULE OF OPERATING EXPENSES
For the year ended March 31, 2015

	<u>2015</u> Budget (unaudited) (Note 22)	<u>2015</u>	<u>2014</u> (restated)
OPERATING EXPENSES, continued			
Balance carried forward:	\$ 8,173,498	\$ 8,173,498	\$ 8,420,701
Advertising	7,857	7,857	2,940
Allowances	6,900	6,900	5,850
Security	4,781	4,781	6,341
Electrical	4,242	4,242	10,048
Replacement reserve	2,360	2,360	2,574
Loss on disposal of tangible capital assets	2,187	2,187	-
Postage	2,012	2,012	1,288
Books and supplies	-	-	18,000
Cultural activities	-	-	7,511
Management fees	-	-	445,948
Out of parental home allowance	-	-	23,118
Software	-	-	6,511
Tuition	-	-	288,461
Utilities	-	-	107,530
Wildfire Protection	-	-	8,246
Workers' Compensation	-	-	15,279
Office equipment	-	-	5,443
School fees	-	-	1,320
Bottle returns	(240)	(240)	(3,947)
Bad debts (recovery)	(2,211)	(2,211)	145,604
Cash short	(10,413)	(10,413)	14,020
	<u>\$ 8,190,973</u>	<u>\$ 8,190,973</u>	<u>\$ 9,532,786</u>

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